BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	Rulemaking 12-06-013 (Filed June 21, 2012)

COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION ON THE REQUIREMENTS OF CALIFORNIA PUBLIC UTILITIES CODE § 745 FOR DEFAULT TIME-OF-USE (TOU) RATES FOR RESIDENTIAL CUSTOMERS

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) hereby submits the following Comments on the August 29, 2017 Proposed Decision (PD) of Administrative Law Judges (ALJs) McKinney, Park, and Tsen in Rulemaking (R.) 12-06-013, the Residential Rate Reform Order Instituting Rulemaking (RROIR).

II. DISCUSSION

ORA appreciates the Commission's efforts to ensure a successful transition to default time-of-use (TOU) rates. ORA supports TOU rates and believes that default TOU will generally benefit California ratepayers. ORA does not oppose the PD and will continue to engage with the Commission and stakeholders to work towards successful implementation of default TOU.

A. Default Pilot Exclusions

The PD states that "available opt-in pilot data does not provide sufficient information to determine that economically vulnerable customers in hot climate zones do not experience unreasonable hardship due to TOU rates."[1] In response to this uncertainty, the PD orders the Investor Owned Utilities (IOUs) to exclude California Alternate Rates for Energy and Family Electric Rate Assistance (CARE/FERA) eligible customers in hot climate zones from the default pilots, and further states that "unless additional data and analysis in a formal Commission proceeding… demonstrate good cause for change, these exclusions shall also apply to default time-of-use rates."[2]

ORA shares the Commission's concern for economically vulnerable ratepayers. However, a well-designed TOU rate with a moderate price signal and a baseline credit, along with the statutory protections included in Public Utilities Code Section 745, can appropriately protect CARE/FERA customers in hot climate zones from unreasonable incremental rate impacts related to default TOU.

The potential benefits of TOU are substantial, and many CARE/FERA customers can benefit from TOU rates. Survey results from the opt-in pilots show that CARE/FERA customers load shift at approximately half of the rate of non-CARE/FERA.[3] However, these same results also show that customer understanding about peak hours and TOU rates is limited within the same community.[4] Therefore, the IOUs should develop effective marketing, education and outreach (ME&O) programs to increase awareness of TOU rates to encourage those CARE/FERA customers in hot climate zones who would structurally benefit to opt into TOU rates.

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[1] Proposed Decision, Finding of Fact 8, at p. 49.
[2] PD, Conclusion of Law 1, at pp. 52-53.
[3] ORA Opening Testimony, at p. 18.
[4] The California Statewide Opt-in Time-of-Use Pricing Pilot Interim Evaluation states at p. 450 that the opt-in pilot surveys "showed a significant disparity in understanding of the timing of the peak period between CARE/FERA and non-CARE/FERA customers. For some rates and climate regions, between 30% and 40% of CARE/FERA customers could not identify a single hour that fell in the peak period rate window, while the percent of non-CARE/FERA customers that had the same level of misunderstanding was often significantly lower or even in the single digits."

TOU has the potential to benefit customers, both directly through lower bills, and indirectly through environmental benefits. TOU rates give ratepayers proactive control over their bills, and provide a transparent price signal. Further, properly implemented TOU rates have the long-term potential to minimize the need to build and operate additional gas fired power plants to serve peak load, which tend to generate more greenhouse gas emissions compared to other California resources.

For these reasons, it is important that the Commission continue to move toward default TOU rates. ORA will continue to review incoming pilot data, including the load and billing impacts for hot climate zone CARE/FERA customers in the opt-in pilots as well as load and billing impacts for non-hot climate zone CARE/FERA in the default pilots. The Commission has stated that it will reconsider the issue if parties are able to "demonstrate good cause for change."[5] ORA appreciates the Commission's willingness to reconsider the matter in light of future findings.

III. CONCLUSION

ORA respectfully submits these comments, and is supportive of moving forward with TOU through an orderly process which balances the potential benefits of TOU rates with the need to protect economically vulnerable ratepayers.

Respectfully submitted,

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[5] PD, Conclusion of Law 1 at pp. 52-53.